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The Birth Of The Alabama Power Company

By

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Alabama Power Company Stimulation of Regional Economic Progress

The men who founded the Alabama Power Company were to make a considerable contribution to economic progress in Alabama by the original organization and early development of the Company. The men who directed the Company's early activities did a great service to their State by initiating a program of consolidated operation of the region's power plants. They recognized early that centralization of power production and large-scale development of the water powers of the State would provide a sound basis for decentralized industrial and residential development. Such a basis would consist of the most suitable technological and financial conditions for cheap power production, transmission, and distribution.

Prior to the time that the latent powers of the rivers of the State were harnessed for use, there were several small electric plants scattered throughout the urban areas (the first one going into operation at Anniston in April, 1882, and the first public utility in Birmingham on January 5, 1886). According to the Census of Manufacturers of 1905, the total rated capacity of the plants then in existence in Alabama was 310,851 horsepower. But the nature of the plants and the limited availability of the power were such that the total represents in terms of present-day dependable electric power about 30,000 horsepower. In contrast, the Alabama Power Company employed in its service area about three million horsepower by the beginning of 1950.

As one of the men influential in the formation of the Company has put it, the "Alabama Power Company was evolved rather than founded. The evolution began in 1900 and ended in 1911 when the Company was actually launched."¹ During this

period "men of vision", realizing the electro-power potential of Alabama's streams and rivers, organized many small companies which, in time, were joined together in the Alabama Power Company. While it might seem tedious to examine the background of these corporations, it is important to note how the potential power of Alabama's three great rivers, the Coosa, the Tallapoosa, and the Tennessee, was first prepared for development.

The first of many corporations designed to become part of the Alabama Power Company was launched by the **Tallapoosa River Group**. It was organized in 1900 under the name of the Cherokee Development and Manufacturing Company to develop water power on the Tallapoosa (a non-navigable stream) and to transmit and sell power to the public within 100 miles of the generating plant of the company. The capital stock was \$50,000. The company owned a dam site on the Tallapoosa which is the location of present-day Martin Dam. Significant of the ambitions of the incorporators, the name of the Cherokee Company was changed May 27, 1907, to "Birmingham, Montgomery, and Gulf Power Company," the first hint of a statewide power system that would cover much of Alabama. The transmission limitation of 100 miles was removed in this amendment.²

The **Coosa River** group began its incorporations with the organization of the Alabama Power Company on December 4, 1906. Its first guiding genius was Captain W. P. Lay, who had great plans for his "hometown" of Gadsden, Alabama, and believed he could make it a center for power development. The same group organized the Alabama Power and Electric Company on November 14, 1908. Other companies organized in 1908 included the Wetumpka Power Company and the Alabama Electric Company, while the Home-Wadsworth financial interests also obtained possession of lands or water rights

*The author is the legislative assistant to Congressman Brooks Hays of Arkansas, who, of course, shares some of the responsibility for the opinions expressed in this article.

1. Martin, Thomas W., *The Story of Electricity in Alabama* (Birmingham, 1953), p. 19.

2. *Ibid.*, p. 20.

for a dam site at a point on the Coosa known as Duncan's Riffle (now the location of Mitchell Dam).

The **Tennessee River** group became active by incorporation on October 10, 1906, when dam sites at what are now Wheeler Dam and Wilson Dam were acquired by Muscle Shoals Hydro-Electric Power Company. This group organized the Alabama Interstate Power Company to coordinate a storage development at Cherokee Bluffs on the Tallapoosa with run-of-river plants on the Tennessee at Muscle Shoals. Although they were ahead of the times in this thinking, they failed to appreciate the importance of the Coosa to such a plan.³ Subsequently, when James Mitchell and his associates secured control of the Coosa group in 1911-12, the plan was developed to coordinate run-of-river plants on the Coosa, rather than the Tennessee, with Tallapoosa storage and with large steam plants in the Alabama coal fields.

By 1912, there were some fifteen different companies more or less active in the field of power development in Alabama, all destined to become grouped under the ownership and control of a holding company directed by James Mitchell, the "financial" father of the consolidated Alabama Power Company. Mitchell came to Alabama in 1911 and soon was convinced of the feasibility of producing great amounts of electricity through water power and stimulating regional economic progress. As he and his associates began to perfect their plans for financing and developing hydro-electric sites in Alabama, they were confronted with the fact that the 15 aforementioned corporations had acquired dam sites, riparian rights, and lands at practically every point that offered possibilities of economic development. Mitchell was convinced that it would be impossible for these sites to be developed separately and that the conflicting interests must be consolidated, if he was to carry out the broad and comprehensive plan which he had in the making and which, in part, had already been formulated by the Tallapoosa group and separately by the Coosa group.⁴ His first step was to take options on the various remaining dam sites and power projects. He then began negotiations with the interested parties (including R. A. and S. Z. Mitchell—not related to him—of the Electric Bond and Share Company, whose interest in electrical properties in Alabama began with its organization in 1905).⁵ Much of the period under analysis here was devoted to the creation of the Alabama Traction Light and Power Company, Ltd., a holding company for the Alabama Power Company, established on January 5, 1912, with its scope extending to the state's borders.

Prior to the actual mergers, a few small plants were being operated or constructed by one of the

soon-to-be-merged companies, a subsidiary of the Electric Bond and Share Company. The Jackson Shoals hydro plant began operations on August 1, 1911, and from power developed there the Alabama Power Development Company was serving several hundred customers in Talladega by 1912. A small steam plant with a 10,000 kilowatt capacity was also under construction at Gadsden, but was not placed in service until four days after the company was merged with APC.*

To prevent further piecemeal projects from being constructed, Mitchell was prepared to take the properties of the existing companies and bring the sites to development in logical sequence in order to create a statewide system which could be expanded into a Southern system. According to Martin, there is no record to indicate that anyone had ever before made so bold a plan.⁶ It was the pattern for the thinking of Mitchell and his associates for years to come. A Traction Company had to be incorporated under the laws of Canada for the purpose of holding the common stock of the Alabama companies and selling its own securities to English investors, since the region was not looked upon favorably by Northern investors at that time. Thus it was Mitch-

*The Alabama Power Company will often be referred to as APC.

6. Martin, op. cit., p. 29.

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3. Ibid., p. 21.

4. Ibid., p. 29.

5. Federal Trade Commission, *Utility Corporations*, Document 82, Report No. 30, Alabama Power Company, Feb. 17, 1931, 70th Congress, 1st Session.

ell's great contribution that he was able to "sell" these investors on the great power potential of Alabama's rivers and convince them that he would be able to provide for the coordinated development of the dam sites.

With his newly won financial support, Mitchell was able to achieve his goal of merger. The owners of the small unrelated companies were aware of the great economic problems that isolated development of the rivers would cause as well as the great loss of power that would result, and so agreed to unification. It was their intention to exploit (financially) as fully as possible the potentialities of market demand for electricity in Alabama and they wanted to increase profits by providing the lowest-cost generation. The first group to agree to sell their holdings early in 1912 was the Cherokee Bluffs group on the Tallapoosa and the Tennessee, including the Alabama Interstate Power Company, the Birmingham, Montgomery and Gulf Power Company, and the Muscle Shoals Hydro-Electric Power Company. The 1912-1913 consolidations under the Traction Company included the Alabama Power Company, the Alabama Power and Development Company, the Wetumpka Power Company, the Alabama Electric Company, and the Alabama Power and Electric Company.⁷ Many other companies, too numerous to mention, were involved in the transaction, which, when concluded, gave Mitchell the nucleus for a sound river development program. He was already in possession of most of the sites destined to become major power producers for the State.

While the financial dealings were quite complicated and some questionable practices were employed, the physical outcome was quite in accord with the economic needs of the region. It provided the basis for sizeable integrated hydro-power projects and eliminated the need for tiny independent plants such as the two already mentioned. The rate of progress in electricity production was enormously speeded up and can be considered one of the most significant stimulants to industrial activity present in the Alabama environment. Several other companies were added to the complex of coordinated units up to the end of the period here under analysis and also well into the twenties. Under the well founded assumption that technological, economic, and financial necessity required this amalgamation, Mitchell and his associates extended their control to include most of the State of Alabama by 1920.

With the formation of the Alabama Power Company as the major power concern in the state, the Company changed from the "thinking" and "planning" stage, during the period of 1912-1920, to the stage of conduct of the actual business of producing and supplying power. The construction of the initial

major hydro plant at Cherokee Bluffs was blocked by legal difficulties and forced Mitchell to revise his plans. He therefore turned his attention quickly to the Lock 12 site. Construction of a dam at this site had already been approved by the U. S. Congress by an enabling act of 1907 that required that the dam be completed by March 4, 1914. The original capital outlay was estimated at much less than would be required to develop Cherokee Bluffs; of much greater importance was the time element. It was necessary to go forward at once in order that the dam and power house be completed on time. The dam (later named Lay Dam, after the first president of the APC) was finished on schedule, with practically no time to spare, and the first unit began operations in the spring of 1914.

Until the Lay Dam began functioning, all power was being generated at the new 10,000 kilowatt steam plant at Gadsden and at Jackson Shoals Hydro-Electric plant. Starting with a total connected load of 7,500 horsepower, the APC served five wholesale customers: two municipalities, one cement plant, one brick plant, and one cotton mill. Only 1,516,000 kilowatt-hours of electricity were generated for the month of January, 1914.⁸ The Gadsden plant was immediately put on a stand-by basis to "firm up" the water power when Lock 12 "came on the line" with a rated capacity of 110,000 H.P. (one kilowatt equals about 1.33 horsepower). This installation on the Coosa River soon became the core of the State's power supply and, when World War I forced a halt to new construction temporarily, proved invaluable in meeting the State's power needs. Together with plants of private industry integrated into the over-all system, the APC's facilities were adequate to meet the economic boom demand. This impetus, especially in industrial centers such as Birmingham, resulted in sharp multiplications of demand for electric power. Given this surge of demand, the Power Company did not hesitate, once financial problems due to the shutting off of funds from England were overcome, to expand its steam plant facilities. It built the first unit of a new steam plant with 20,000 kilowatt capacity by August, 1917. In designing the plant, plans were made for an ultimate installation of three generating units. The Company also acquired coal lands immediately adjacent to the plant site in order to control fuel supply and insure steady provision of power. To help operate the nitrate plant of the Government at Muscle Shoals, a 30,000 kilowatt extension to this plant (first called Warrior Reserve, then Gorgas) was built in record time (with Government money) and delivered power to Muscle Shoals beginning in May, 1918.

By the end of 1920, Alabama Power energy production potential was running well ahead of demand. Given the financial, technological, and legal

7. *Utility Corporations*, Report No. 30, op. cit., pp. 236-7.

8. Martin, op. cit., p. 42.



MARCH ATLANTA AREA ECONOMIC INDICATORS

ITEM	March 1956	February 1956	% Change	March 1955	% Change
EMPLOYMENT					
Job Insurance (Unemployment) Payments -----	\$235,001	\$218,757	+7.4	\$306,749	-23.4
Job Insurance Claimants† -----	3,825	3,756	+1.8	4,454	-14.1
Total Non-Agricultural Employment ---	326,500	327,150	-0.2	311,000	+5.0
Manufacturing Employment -----	88,050	90,050*	-2.2	84,600	+4.1
Average Weekly Earnings, Factory Workers -----	\$67.72	\$69.37*	-2.4	\$66.42	+2.0
Average Weekly Hours, Factory Workers -----	39.6	40.1	-1.2	40.5	-2.2
Number Help Wanted Ads -----	9,927	8,735	+13.6	8,748	+13.5
CONSTRUCTION					
Number of Building Permits, City of Atlanta -----	1,061	795	+33.5	1,094	-3.0
Value Building Permits, City of Atlanta -----	\$5,207,323	\$4,767,708	+9.2	\$6,296,167	-17.3
Employees in Contract Construction -----	19,900	19,550*	+1.8	17,350	+14.7
FINANCIAL					
Bank Debits (Millions) -----	\$1,548.6	\$1,395.0	+11.0	\$1,506.0	+2.8
Bank Deposits (Millions) (Last Wednesday) -----	\$1,044.9	\$1,023.5	+2.1	\$984.9	+6.1
POSTALS§					
Postal Receipts -----	\$1,496,809	\$1,473,829	+1.6	\$1,615,445	-7.3
Poundage 2nd Class Mail -----	1,509,016	1,356,426	+11.2	1,427,667	+5.7
OTHER					
Department Store Sales Index (Adjusted) (1947-49=100) -----	140	142	-1.4	142*	-1.4
Retail Food Price Index (1947-49=100) -----	107.9	107.9	0.0	110.0	-1.9
Number of Telephones in Service -----	278,254	274,781	+1.3	258,896	+7.5
Number of Local Calls per day -----	1,949,700	1,969,560	-1.0	1,805,009	+8.0

*Revised

§City of Atlanta only.

Sources: All data on employment, unemployment, hours, and earnings: Employment Security Agency, Georgia Department of Labor; Number Help Wanted Ads: Atlanta Newspapers, Inc.; Building permits data: Office of the Building Inspector, Atlanta, Georgia; Financial data: Board of Governors, Federal Reserve System; Postal data: Atlanta Post Office; Retail Food Price Index: U. S. Department of Labor; Department Store Sales and Stocks Indexes: Federal Reserve Bank of Atlanta and Board of Governors, Federal Reserve System; Telephones in Service: Southern Bell Telephone and Telegraph Company.



JANUARY THROUGH MARCH, 1955 and 1956

1956	1955	ITEM	% Change
28,158	24,329	Number Help Wanted Ads -----	+15.7
19,533	17,650	No. Construction Employees* -----	+10.7
\$4,482.3	\$4,079.6	Bank Debits (Millions) -----	+9.9
N.A.	N.A.	Department Store Sales, Based on Dollar Amounts** -----	+8.0
89,550	83,033	No. Manufacturing Employees* -----	+7.8
326,650	303,567	Total Non-Agricultural Employment* -----	+7.6
278,254	258,896	Telephones in Service** -----	+7.5
\$1,044.9	\$984.9	Total Deposits (Millions)** -----	+6.1
\$68.38	\$65.29	Average Weekly Earnings, Factory Workers* -----	+4.7
4,072,052	3,998,427	Poundage 2nd Class Mail, Atlanta Post Office -----	+1.8
\$4,373,098	\$4,308,960	Postal Receipts, Atlanta Post Office -----	+1.5
40.3	40.3	Average Weekly Hours, Factory Workers* -----	0.0
N.A.	N.A.	Department Store Stocks** -----	-0.0
2,563	2,573	Number Building Permits, City of Atlanta -----	-0.4
107.9	110.0	Retail Food Price Index (March) -----	-1.9
11,107	15,403	Job Insurance Claimants -----	-28.0
\$13,978,454	\$22,578,737	Value Building Permits, City of Atlanta -----	-38.1

*Average Month

**End of Period

N. A.—Not Available

Sources: Same as page 4

problems of the period from 1912 to 1920, the Company made a good beginning in pushing its growth to stimulate economic progress and industrial development in Alabama. Mitchell, who died just at the close of this period, had been confident of the future economic strength of the area and had been able to get money to undertake the necessary hydro and steam construction from English bankers who had never before considered investing so much capital in one of the old cotton states of America.

We shall go into the resource development aspects more fully in the next section, but wish to make it clear here that in its formative period the APC management was "thinking big" about the economic prospects for Alabama. Many hydro-electric dams were planned and statewide coverage was the goal. During a rather primitive stage of Southern industrial development, a real spirit of entrepreneurial incentive was prevalent, and while the goal was great profits as well as regional growth, more initiative was to be found in the Alabama power field than elsewhere in the South. From 1913 to 1920, the Company's system load increased from 16,500 H.P. to 336,000 H.P. to meet the steady demand for electric power.⁹ Kilowatt-hours generated jumped from 19.4 million kwh to 488.1 million kwh. The Company, at the close of this period, was furnishing electric power and lighting service in the State of Alabama to a total estimated population of 750,000, over 1,500 miles of transmission lines throughout approximately 25,000 square miles of territory. Sixty-three municipalities received their lighting and power service from the APC system, of which 36 were served directly by the Company and 27 through other public utilities. The approximate total number of customers served directly by the Company was 18,500; and, in addition, the Company's service reached a total of 40,000 other consumers, making an over-all total of 58,500 consumers served directly and indirectly.¹⁰

Utilization of the Available Resources

The section on economic development has, of necessity, already dealt somewhat with the utility's performance in the development of the resources of its region. The Alabama Power Company was originally organized for just the purpose of harnessing the water powers of the State and, therefore, was concerned deeply with the proper utilization of the river systems in its service area. So also, since steam plants are a necessary corollary to hydro development, the Company management examined carefully the basic fuel minerals in the area to determine whether they met the economic requirements for low-cost power production.

It is important to note that the United States Government had taken cognizance of Alabama's rivers in the River and Harbor Act, approved June

13, 1902.¹¹ A survey was authorized to be made on the Coosa and the Alabama Rivers, with a view to determining the feasibility of six-foot navigation in said rivers, and the probable expense thereof. The survey ordered by that act was made by the Corps of Engineers and transmitted to the House of Representatives by the Secretary of War under date of January 10, 1906. It recommended the construction of 13 locks and dams between Locks 4 and 31. The Corps recognized that valuable water powers would result and suggested that provision be made for disposing of this energy and applying the proceeds to the maintenance of the improvements. It estimated that over 70,000 H.P. (a gross under-estimation) could be developed, of which about one-half was concentrated at the highest four dams.

According to the report of the Corps, "it is thought that no difficulty would be found in ultimately disposing of the greater part of this power at a rental not less than \$5 per horsepower per annum, for with this horsepower would go a manufacturing site on a water route to the seaboard. As an indication of the value of these powers, attention is invited to the fact that at the present time there is before Congress a bill to authorize a company to construct one of the proposed dams, including the purchase of all lands, privileges, etc., without cost to the United States, for the privilege of using the power developed. Should it be possible to sell all of the power that could be developed at a fair rental, the improvement would be practically self-supporting from this source alone."¹² The Board of Engineers for Rivers and Harbors, however, in transmitting the report, expressed the opinion "that the project of securing six-foot navigation on the Coosa and the Alabama Rivers is not worthy of being undertaken by the Government at this time." This much, at least, must be said for the Alabama Power Company: it certainly showed a great deal more vision and enterprise, as well as greater awareness of the Coosa's true power potential, than the Corps of Engineers.

In pursuance of the Act of 1907 mentioned earlier, Alabama Power employed several engineers, including among others, Colonel Hugh L. Cooper, one of the foremost electrical and hydraulic engineers of the world, to prepare plans for the development and construction of a comprehensive power system, supplied with energy from a dam and power house at Lock 12, and later at other sites on the Coosa River.¹³ Other engineers were employed and several years of intensive work undertaken by this Company; lands and rights were purchased, lawyers employed, and a complete plan worked out for this development, which was approved by the Secretary of War and the Chief of Engineers on March 3, 1910. At the same time, "an extensive survey had

⁹ Alabama Power Company, *Annual Report for 1921* (Birmingham, 1922).

¹⁰ Ibid.

¹¹ *Utility Corporations*, op. cit., p. 373.

¹² Ibid., p. 374.

¹³ Ibid., p. 375.

just been made of the Coosa River power possibilities and available markets by the engineering firm of Ford, Bacon, and Davis for those interested in the river developments."¹⁴

After James Mitchell, who was an engineer of wide experience, had been attracted to the APC in 1912 by the apparent latent value in the Cherokee Bluffs dam site, he began to survey the whole territory. He and Captain Lay and Thomas Martin, with other citizens of Alabama, explored the rivers of the state, traveling by horse and buggy, with much foot-work at the scenes.¹⁵ It was based on these surveys that Mitchell was able to prepare the comprehensive scheme of construction and development for Alabama's rivers which was mentioned in the previous section.

The Alabama Power Company was organized, as we know, to develop the water power resource in Alabama. The economic feasibility of building water power plants on these Alabama rivers to meet the competition of steam plants using coal costing only eighty to ninety cents a ton was open to grave doubt. Numerous private interests had rejected the challenge prior to the Mitchell program of 1912, but Mitchell succeeded in winning the gamble. A factor which contributed a great deal to his victory was the very inefficient use of coal at that time in steam plant production of electrical energy. While technological factors will be examined further on, it should not be overlooked here that the presence of a valuable resource is not in itself a guarantee of a possible immediate economic use. Only because of the uneven rainfall in Alabama throughout the year (Lay Dam being more or less "run-of-river" with little storage) was it necessary for the Company to build reserve steam plants to insure continuity of service.

Alabama Power management did provide for a steady and cheap supply of coal for its Warrior Reserve or Gorgas steam plant by buying coal-producing lands in the vicinity of the plant site. Abundant good-grade cheap coal was available in the region and was utilized to provide for a well balanced hydro-steam system generation. Of the little over 200,000 H.P. provided by the Company's total plant by 1920, about 110,000 H.P. was hydro and 90,000 H.P. steam.¹⁶ At this time, the steam was auxiliary power used primarily to provide a "firm" or reliable flow of electricity regardless of river conditions. It was much cheaper to operate the hydro dam generators than fire the burners of the steam plants once the dam had been built, and, since the water power would be lost if not used immediately, the state's coal resource was also saved for future use. With regard to resource conservation, therefore, the Alabama Power Company established a good record during the years 1906-1920 and helped harness

valuable energy that would otherwise have been wasted forever.

Exploitation of Technological Advances.

At the time the APC was formed, the state of technological progress in the power production area was not far advanced. Building hydro-electric dams was something of an engineering risk, and one of the Army Engineers' original objections to the Alabama Power Muscle Shoals plans was that their safety could not be assumed in view of the innovation in dam construction which they contemplated. So also the steam plant design had not progressed very far and heat losses were very sizeable. In the low-cost coal area of Alabama, such inefficient use of this mineral resource was one of the factors making hydro development economical. The general technological inadequacies made the electricity business more of a gamble than many other industrial enterprises growing up at the same time. The APC record in this field not only reflected its concern with efficient power production but also its struggle for existence during a period when many basically hydro companies failed to survive.

The APC management inherited a small hydro-dam at Jackson Shoals, Alabama, when it consolidated in 1912, but its first important water power project, and the only one until the twenties, was the Lay Dam at Lock 12. The Company hired a well known engineer, Hugh L. Cooper, to prepare plans for that particular development as well as for other developments along the river, and those plans were presented to and approved by the Secretary of War and the Chief of Engineers.¹⁷ This procedure was required by the Federal law approving the APC development on the Coosa River. The plans were considered to be very well advanced for the period and were designed to enable the Company to build a plant producing very low-cost electricity. The site had been chosen originally by the Corps of Engineers during its survey, as being an economically feasible location, flooding lands that were only sparsely settled. The power developments of the Coosa were to be largely run-of-river, having great variation in output and requiring detailed knowledge of the flow of the stream and rainfall in the area. These data were carefully gathered and provided a sound basis for efficient utilization of the latent water power.

Work on the Lock 12 site brought to the Company two engineers who were to have an important and significant part in the development of the Company and the integrated Southern system.¹⁸ O. G. Thurlow was design engineer for the Lay Dam, and his able performance on this project was to herald a long career in notable design achievements (especially the design for the backwater compressor, first used at Mitchell Dam in the twenties). Eugene A. Yates was appointed chief engineer in

14. *Ibid.*

15. Martin, *op. cit.*, p. 28.

16. Alabama Power Company, *Annual Report for 1921.*

17. *Utility Corporations, op. cit.*, p. 101.

18. Martin, *op. cit.*, p. 40.

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1912 and organized the engineering and construction forces both for designing and building the Lock 12 project and for completing the 10,000 kilowatt steam plant at Gadsden. His direction was responsible for the rapid rate of construction, keeping the initial investment costs down and meeting the time requirements imposed by Congress. This was a real achievement, considering that the lack of capital in the early period of the authorization had permitted only the laying out of a meager campsite, meeting the technical requirement of the Congressional enabling act that construction work be begun by 1910. When the turbines of Lock 12 began generating power during the first quarter of 1914, Company officials were overjoyed at meeting the seven-year Congressional deadline for completion of the dam. Martin went so far as to say that "this achievement, little short of magic at that time in our non-professional estimates, gave renewed confidence in the whole enterprise."¹⁰ What was more important for the consumer, this hydro-electric energy was developed at a low initial cost of construction.

Conclusion

As we have seen, the full utilization of the power potential of the State awaited the comprehensive planning of the economic development of the region. This programming was carried out by people *close to the scene*, who were fully aware of the nature of the region and its people. With the initial aid of a Government organization, the Army Corps of Engineers, they discovered what the resource potential actually was. They were able to make plans for the provision of enough power to promote the economic growth of the State at a rate far in excess of previous levels of economic activity.

While it is recognized that such a procedure is not likely to take place in a similar form in many

foreign countries, we can see the importance of local entrepreneurial initiative in organizing an industrial enterprise. Such a modified form of "free enterprise" is possible almost everywhere in the Free World, and the founders of the APC showed the way, not only in clearing the way legally but also in obtaining the necessary capital. They were compelled to go outside the country to finance their program, but they succeeded in convincing English bankers of the soundness of their scheme. Although the United States is now prepared to make capital available for resource projects in many foreign countries, it would indeed be encouraging to observe some evidence of the application of local "enterprise" in the planning and execution of these financial dealings. Americans possessing great technological know-how have gone abroad to do this job, but their very gratifying efforts have fallen short of the long-range development goal. Of crucial importance is the creation of a class of people in every underdeveloped country who are able to bring out the merger of available funds, the proper legal setting, and worthwhile local development programs.

A recent Committee for Economic Development paper revealed that United States foreign investment programs are oriented too much toward welfare and agriculture, and toward finding large amounts of local currency to spend for military purposes. We have almost completely overlooked the fields of transportation, communications, power, and basic industries. The responsibility for this oversight must not rest solely with our own foreign policy and economic aid officials, but with those representatives of the underdeveloped areas who have not seen their own needs clearly. The United States might well make a greater contribution than the investment funds alone, if it succeeds in transmitting some of the spirit that went into the formation of the Alabama Power Company.

10. Ibid.